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MESSAGE
OF
GOVERNOR JOHN E. ERICKSON
TO THE
NINETEENTH LEGISLATIVE
ASSEMBLY
OF THE
STATE OF MONTANA

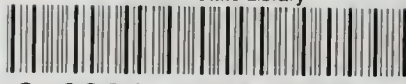


JANUARY 6, 1925

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GOVERNOR'S MESSAGE

Mr. President and Members of the Nineteenth Legislative Assembly:

As members of co-ordinate branches of our State government we have met to discuss the conditions of the State and together take counsel how we may best meet and solve the problems pressing for solution.

Montana is entering upon a new era of progress and development. The present is rosy, with promise of better days. We are emerging from a period of depression and hard times, brought about by a series of crop failures and the results which followed the unnatural and inflated conditions which obtained during the period of the World War. The year just closed has dealt kindly with us. Our fields brought forth bountiful crops and the prevalent high prices insure generous reward to the husbandman for his toil. Industrial conditions are returning to normal, business is reviving, closed banks are reopening their doors and labor is profitably employed. Our latent and undeveloped resources are attracting the attention of the homeseeker and the investor, and there is a healthful spirit of optimism and courage everywhere.

This does not mean, however, that there are no problems to solve. I doubt whether a Legislative Assembly ever faced a more serious condition in our State affairs than confronts us at opening of this session. During the last five years we have lived beyond our means. On the 30th day of June, 1924, the end of the last fiscal year, there was a deficit in the general fund amounting to \$3,595,558.40, and at the present time the estimated deficit amounts to \$3,800,000. During this period we have had the benefit of revenues from many new sources of taxation without checking the steadily increasing indebtedness.

This, of course, cannot go on. No private business could survive such conditions. Neither can the state government, and the time has come to apply the brakes and turn deaf ears to the ever-increasing demands for greater expenditures and larger appropriations. Increased tax levies are out of the question, for the people are already staggering under the burden of taxation, and are crying out for a reduction in the cost of government, so that this burden may finally be lightened. Our plain duty in this crisis is to make a heroic effort to bring the state government back to a condition where it may not only live within its income, but

where it will spend a little less than it takes in. In no other way can we hope to pay off this enormous floating indebtedness and bring the state government back to a business basis.

Our only hope lies along the lines of retrenchment and rigid economy. Educational institutions, our charitable and penal institutions must, of course, be maintained, but there should be no new buildings, except such as are provided for under the \$5,000,000.00 bond issue of 1920; no new expansions, except where the need is imperative for the health, comfort and well being of those directly affected. No new commissions or bureaus should be created, but rather there should be, wherever possible, a reduction and consolidation of those already in existence. No new counties or judicial districts should be created and no new purely state enterprises undertaken. It is necessary that all duplications and unnecessary activities be eliminated from state affairs, with a substantial reduction in appropriations. Surely this is a time when your legislative activities should be guided by the same common sense, business-like methods that you would employ in your own personal affairs under similar conditions.

APPROPRIATIONS.

The budget law requires the State Board of Examiners to submit to the Legislative Assembly, within ten days after it convenes, a budget showing, among other things, the total revenues and expenditures for the preceding biennial period, and the estimated revenues and expenditures for the succeeding biennium, with recommendations of the Board as to the amounts to be appropriated.

The recommendations, however, are only advisory, as the Assembly may increase or diminish the appropriations suggested in the budget, so that in the last analysis it is for you to determine the amounts to be appropriated, and the manner in which the revenues are to be expended. Your actions, however, in these matters are limited by the Constitution and the Laws of the State.

Section 12, Article XII of the Constitution, provides as follows:

“No appropriation shall be made nor expenditures authorized by the Legislative Assembly whereby the expenditures of the State during any fiscal year shall exceed the total tax then provided by law and applicable to such appropriation or expenditure, unless the Legislative Assembly making such appropriations shall provide for levying a sufficient tax not exceeding the rate allowed in Section 9 of this article to pay such appropriations or expenditures within such fiscal year.”

Also Section 193 of the Revised Codes of Montana, 1921, provides:

"No monies received by the State Treasurer shall be paid out by him except upon state warrant issued by the State Auditor, and the State Auditor shall not issue his warrant upon the State Treasurer, save by virtue of unexhausted appropriation therefor made by the Legislative Assembly."

Under the present law the levy for state purposes is limited to three and one-half mills. Of this, one and one-half mill should be levied for the maintenance of the four major educational institutions of the State, and the remaining two mills for other activities of the State. The revenues for the general fund for the present fiscal year are estimated at \$3,250,000.00, and the revenues for the next fiscal year will not, in all probability, exceed this sum.

This will guide you in the amount that can be appropriated under the law and will enable you to keep appropriations down to legal limits. You will understand from this that appropriating in excess of the estimated revenue is not only poor business, but also a manifest violation of both the spirit and the letter of the Laws and the Constitution of the State.

INTEREST ON STATE WARRANTS.

The Legislative Assembly in 1921 raised the rate of interest on State warrants to seven per cent for warrants issued between March 1, 1921, and January 1, 1922; thereafter warrants so registered to bear interest at the rate of four per cent.

The Assembly in 1923 passed a law providing that all State warrants so registered bear interest at the rate of six per cent.

Under this legislation probably all warrants now outstanding bear interest at the rate of six per cent. Conditions prevailing two and four years ago probably justified this action on the part of the Assembly, in order to maintain the credit of the State and the integrity of the warrants. However, under present improved financial conditions I believe a reduction of the interest to the old rate should be made.

The annual interest charged on outstanding warrants as of January 1, 1925, will be approximately \$180,000.00, and the condition of the money market is such that six per cent interest on State warrants is hardly justified. The interest rate should be reduced. The Assembly should investigate the feasibility of issuing treasury notes, or other state paper, at as low a rate of interest as possible and borrow money thereon with which to call outstanding warrants, so that the State may save probably two per cent on this \$3,000,000.00 indebtedness, until the State is able to pay the same. A reduction of two per cent on the interest

rate would amount to a saving of \$60,000.00 annually on this outstanding indebtedness.

HIGHWAYS.

How to raise the necessary revenues to meet the ever-increasing demands for the construction of new roads and for their maintenance is a real problem. Under the present law all of the proceeds from motor vehicle licenses and forty per cent of the gasoline tax are distributed to the various counties of the State for road purposes.

It is urged that these funds are sorely needed in the counties to build and maintain roads for county use, and it must be admitted that the problem of maintaining and building roads and bridges connecting rural communities with industrial centers and markets is a serious problem for our counties. The farmer and the producer must have passable roads over which to convey to market the products of their farm and their activities, and the proceeds from the property tax is entirely insufficient to meet these requirements. On the other hand, the State Highway Commission and various good road organizations are requesting that all of the gasoline tax and, at least a portion of the motor vehicle license tax, be diverted to the State Highway Commission fund, to be used in matching the Federal Aid Fund, now available for the purpose of constructing trunk line highways across the State.

No one will question the desirability of the highways proposed to be constructed under Federal Aid projects. They are a substantial asset to our State. There is, I understand, available from the Federal Aid Road Fund for the State of Montana something like \$3,688,000.00. Of this sum, \$800,000.00 must be matched by State funds before July 1, 1925; \$1,344,000.00 by July 1, 1926, and \$1,544,000.00 by July 1, 1927. If not matched, these sums will be withdrawn and diverted to other states and Montana will lose them. If Montana is to take advantage of this Federal Aid, how are the revenues to be raised? A property tax is out of the question. A bond issue would be undesirable from a taxpayer's viewpoint. The questions for you to decide are: First, shall Montana avail itself of something over three and one-half million dollars of Federal Aid within the next two years? If you decide this in the affirmative, then, secondly, you must decide how to raise the necessary revenues to match these sums. In considering these questions, you should not overlook the local needs of the counties for the construction and maintenance of highways which are absolutely essential to the growth and development of these local communities, and the further fact that the property tax for road purposes in the various counties is inadequate to meet the necessary requirements.

HIGHWAY COMMISSION.

Under the present highway law the Chairman of the Board of Highway Commissioners draws from the State a salary of \$6,000.00 a year and maintains an office at the Capitol. The other two members of the Board are on per diem basis. I suggest that this law be amended as to place the Chairman also upon a per diem basis, and that the highway engineer have charge of the office at the Capitol, keep the minutes of all meetings of the Commission and have charge of all the records. This will mean a substantial saving to the State without in any way impairing the service of the Commission or thwarting the purposes for which this department was created.

STATE BANKS.

Montana's tragic experience in the banking situation in the last four years suggests that our banking laws are in need of revision to meet changing conditions. Not the least of our troubles were, I think, brought about by the fact that the State permitted the establishment of more banks than the business of the State required.

It seems that under the present law it is comparatively easy for banks of the "wildcat" order to be established, and that there is need of a more rigid supervision over issuance of charters for banks. The enormous loss to depositors in the numerous bank failures of the last four years has impaired confidence in our banks and has caused vast sums of money to be withdrawn from the channels of legitimate business and either invested in tax-exempt securities or hoarded.

It is needless to say that there should be mutual confidence and a feeling of protection between banker and depositor. Many of the states have enacted some form of a bank guarantee law to bring about this desired result. In some states these laws have proved to be failures, while in others they have been more or less of a success. Evidently the time has come in this State when some sort of legislation is demanded that will protect the depositor and at the same time be just and fair to the banker. Legislation of this kind, however, should be well considered and not enacted hastily. The experience of other states in legislation of this kind, should be carefully canvassed, in order that any mistakes they have made may be avoided by us.

I was elected upon a platform which contains the following plank:

"We pledge the Democratic members of the next Legislative Assembly to make a study of the laws relating to guarantee of bank deposits now in operation in several states and to the

speedy enactment of a law that will insure bank depositors from losses through bank failures. We invite the co-operation of the bankers of the State to the end that a just and workable measure may be enacted that will be fair to all concerned."

In view of the importance of legislation of this kind, and in view of the brief time that you would have for consideration of such a measure, and the limited opportunities afforded you for investigation, I suggest that you authorize the appointment of a committee from your body, or otherwise, to make a study of this problem and to examine the guarantee laws and the banking laws of other states and embody its conclusions and its recommendations in a report to be submitted to the next Legislative Assembly.

I have no doubt that such a report would become the basis of a law that would adequately protect the depositors and at the same time be just and equitable to the banker. This will enable the next Assembly intelligently to work out a code of banking laws that will meet the conditions and the demands of this growing commonwealth and establish complete confidence between banks and the public.

REFUNDING FARES TO STUDENTS.

Section 806 of the Revised Codes of Montana, 1921, as amended by Chapter 49 of the Laws of the Eighteenth Legislative Assembly, provides:

"The State Board of Education, subject to such rules and regulations as said board may hereafter adopt thereon, is authorized to provide for the refund of the amount of necessary fare, less ten (\$10.00) Dollars, paid by any student in regular attendance at any of the institutions of the University of Montana for traveling once each year from his place of residence in the State of Montana by the most direct route of travel to the said Institution and return."

The budget request for this item for the fiscal year is \$10,000.00. It seems to me that the State of Montana should not be required to assume this burden and I therefore recommend the repeal of this statute.

IRRIGATION.

The laws regulating the appropriation and use of water for irrigating and other useful purposes need revision. The present laws were enacted when mining and stock raising were the chief industries of the State. Water rights were acquired without much regard to the amount actually needed for the purpose for which it was appropriated, which often resulted in wasteful and ex-

travagant use. This was not of so much consequence in those early days. Now, conditions have changed, Montana is developing into an agricultural state and water for irrigating purposes is one of the prime necessities for the successful development of our agricultural industry. It is of supreme importance that the water supply available for irrigating purposes be conserved and that no one be permitted to control more of the water of our streams than is actually necessary to irrigate his crops scientifically and economically. Our constitution declares all use of water to be a public use and actual ownership is not recognized, but only the right to its use. These observations are suggested by a recent decision of our Supreme Court in the case of Allan vs. Petrick, reported in 222 Pac. 451, the opinion of the Court being rendered by Mr. Chief Justice Callaway. Among other things, the Chief Justice says:

“It is a matter of common knowledge in the several judicial districts of this State where irrigation has been practiced since the early days that extravagant quantities of water were awarded the litigants by the courts. In instances more water was awarded than some of the ditches of the litigants ever would carry; in others, much greater quantities of water than the litigants ever did or could use beneficially. In some cases the courts were not to blame. The litigants agreed to get all they could. They even stipulated to the use of quantities of water ridiculously large for the amount of land irrigated. To check this practice respecting stipulations the Legislature in 1905 passed what is now Section 7128, Revised Codes of 1921. In water suits in which members of this court have been engaged witnesses who testified to what took place in early days. These venerable men, having more or less knowledge of what they testified about, frequently looked through mental magnifying glasses in attempting to recall forgotten things from bygone days. The difficulty encountered in attempting to do equal and exact justice upon testimony of this character is always great and sometimes insuperable.

“As a result of erroneous decrees awarding excessive quantities of water much water which should be available to subsequent appropriations has been denied them; yet year after year the owners of these swollen rights have attempted to use all the waters decreed them, to their own detriment, in order to ‘keep their right alive.’ Others have never pretended to use their full amounts. Some, never needing their surplus, have leased or sold it, thus actually diverting the water from the use and purpose for which it was appropriated, to the detriment of subsequent appropriators. This should be prohibited by statute.”

“One should not be permitted to play the dog in the manger with water he does not or cannot use for a beneficial purpose when

other lands are crying for water. It is to the interest of the public that every acre of land in this State susceptible to irrigation shall be irrigated. It is the writer's opinion that the Legislature should enact a statute to the effect that, where one has not made a beneficial use of the whole or some part of the water claimed by or decreed to him, for a specified number of years, the part so unused shall be deemed abandoned *prima facie*. There might well be included a section providing that one who sells a part of his right because the land he owns and for which the water was appropriated does not require that surplus shall by the act of selling be held to have abandoned the part sold, the purchaser taking the right as of the date of purchase. This would be consistent with the intention of Section 7097, wherein one is required to return his surplus water to the stream when he does not need it. Sections 7113, 7114, 7115, 7116 do not conflict with the foregoing for the reason that those sections evidently have to do with water appropriated for sale, rental, or distribution."

I suggest that the observations and recommendations of the Chief Justice be given serious consideration by you.

NARCOTICS.

The Supreme Court in a recent decision declared invalid Section 2027, Revised Statutes of the State of Montana, by reason of a defect in the title. This was an act regulating the use and sale of narcotics and provided a penalty for the illegal possession, use and sale thereof.

This is a matter of extreme importance and the law should be re-enacted with a proper title, so that the public may be properly protected against this pernicious traffic.

BUDGET LAW.

The last Legislature enacted a comprehensive budget law which was intended to bring about a more systematic and businesslike manner of conducting public affairs. Some features of the law were, in the opinion of the Governor, unworkable and objectionable, which resulted in a veto. I believe that the enactment of a sound and just budget law is imperative. The methods now in vogue in conducting public business are out of date and not in keeping with modern business methods. Public officials are prone to move along the paths of least resistance and, as a result, public business is often loosely conducted. Extravagances, abuses of various kinds and petty graft creep in. This, of course, means waste of public funds and consequent increase in taxes and impairment of public service.

I recommend the repeal of the present budget law and the

enactment in its stead of a carefully prepared law that will not only control State expenditures, but also one that will place a proper check on expenditures of counties, cities and school districts.

TUBERCULOSIS SANITARIUM.

The patients cared for at the Tuberculosis Sanitarium at Galen come largely from the Industrial centers. The distribution of the cost for maintaining the free patients does not appear to be in proportion to the population or taxable property of the several counties of the State. Each county should bear the charge for the free patients it furnishes and a charge to the county should be made, based upon the per capita cost of maintenance at this institution. The present charge to the county under the law cannot exceed \$1.00 per capita per day. This is insufficient to meet the cost of maintenance and the amount should be increased to this actual cost.

REDISTRICTING JUDICIAL DISTRICTS.

My predecessor, Governor Dixon, recommended to the Seventeenth and again to the Eighteenth Legislative Assembly a redistricting of the State into judicial districts.

I want to renew this recommendation. I believe, from both experience and observation that there are more District Judges than are necessary, and that the work is not equitably distributed. I quote and approve the language of Governor Dixon in his message to the Eighteenth Assembly:

"I still believe that a redistricting of the Judicial districts of the State could be made at a saving of at least \$50,000.00 a year to the State without impairing the efficiency of the courts."

COUNTY ATTORNEYS.

The constitution requires that the State shall pay one-half of the salaries of the County Attorneys in the several counties. If any reason ever existed for such a law it surely is not applicable now. The duties of a County Attorney are strictly limited to his county. He may not even represent his county in any matters in the Supreme Court, except by courtesy of the court. He is in every sense a county officer and renders his service to the county only and should be paid as are other county officers. The budget request for the purpose of paying the State's share of these salaries for the next year is \$70,000.00. This sum distributed over the various counties of the State would mean but little, while the entire sum taken from the general fund of the State imposes a considerable burden on the State. I suggest that an amendment

to the Constitution be submitted changing this law.

PUBLICATION OF THE STATE TREASURER'S REPORT.

The publication of the State Treasurer's report is a useless expense and serves no useful purpose to the taxpayers. The Constitution, however, requires this publication and hence it must be made in some form. The Legislature should submit an amendment to the Constitution providing for the making of this report to the Governor, and that the same should be filed with the Secretary of State and open to public inspection. In the meantime, the Legislature should provide that the publication of this report be let to the lowest bidder. Such a bill was passed by the last Legislature and was vetoed by the Governor.

DEPARTMENT OF AGRICULTURE, LABOR AND INDUSTRY.

The work of the Department of Agriculture of the State, which includes horticulture, dairying, grain grading, marketing, etc., is necessarily a duplication of the work done by the Agricultural College and the extension service of the experimental stations conducted from Bozeman. The college spends a good deal of money in an effort not only to educate the students along these lines, but to serve the farmers of the State in an educational way in the conduct of all of these lines of endeavor.

There seems to be no good reason why the activities of this department, relative to agriculture, horticulture, dairying, etc., could not be conducted through the college at Bozeman, thus avoiding the duplication which necessarily exists. All of the equipment of the department of agriculture having to do with these activities could be transferred to Bozeman and more effective work done on behalf of the agricultural industry than is now being done by those duplicated endeavors. This department cost a little less than \$40,000.00 last year and is asking for \$74,000 this year. It seems to me that much of this money could be saved by the suggested change.

LIVE STOCK COMMISSION AND LIVE STOCK BOARD.

House Bill 407, page 590, Session Laws of 1923, shows appropriation for Live Stock Commission and Live Stock Sanitary Board amounting to \$176,527.00 for the fiscal year ended June 30, 1924, and a similar amount for the fiscal year ending June 30, 1925. Of this amount, \$78,732.00 comes out of the general fund. The appropriations for this department virtually equal the cost of the maintenance of the penitentiary and are more than one-half the appropriations from the general fund for

the University at Missoula. In addition to the expenditures provided by these appropriations, the department pays the bounty claims from the bounty funds, for which there is a special levy of one mill, and also the stray stock fund.

There is maintained at the College at Bozeman a Department of Animal Industry and a school for veterinary surgeons. Activities having to do with that feature of the live stock industry should be conducted at Bozeman, and all laboratory equipment and laboratory employees should be at the college at Bozeman and not duplicated at Helena. The payroll of this department alone is approximately \$50,000.00 a year. A substantial saving should be made. While there is a special levy of one mill for live stock and one mill for the live stock sanitary board, these provide less than one-third of our actual appropriations.

STATE BOARD OF EXAMINERS, CONSOLIDATED BOARDS AND PURCHASING AGENT.

Since the creation of the Tax Commission the work of the office of Consolidated Boards is confined to the Board of Prison Commissioners, the Board of Commissioners for the Insane and the Board of Pardons. The personnel of these Boards is the same as the State Board of Examiners, with the exception of the Board of Pardons. These records should be all transferred to the office of the Board of Examiners and the State Purchasing Agent should be ex-officio clerk of the Board of Examiners. All bills for supplies purchased by the Purchasing Department are sent to the State Board of Examiners and should be checked by the Purchasing Department before paid. This work should all be in one office. It would make unnecessary those duplicate clerkships and would result in considerable saving. It would require the maintenance of one office where now there are three. The preparation of the budget could be done in this department without any additional expense. The budget request of this year for that activity is \$8,000.00.

STATE ENGINEER.

The office of State Engineer, as now operated, does little, if any constructive work. This office should either be abolished and the duties transferred to the Highway Engineer or to the Engineer of the Railroad or Public Service Commission, or the State Engineer should be made ex-officio Highway Engineer or Engineer for the Railroad or Public Service Commission, thus avoiding the maintenance of this department separately. The State Engineer previously had considerable work to do as Sec-

retary of the Carey Land Act Board, but for the last several years there has been little, if any work done under the Carey Land Act in Montana, and it is doubtful if there will be any done in the near future.

BOARD OF HEALTH.

The Board of Health maintains a bacteriological laboratory with equipment, supplies, etc., likewise a laboratory for food and water analysis, with payroll, equipment and supplies. The College at Bozeman has laboratory equipment, supplies and experts doing similar work, and all of this work, equipment and supplies should be transferred to the College at Bozeman where a line of instruction for these purposes is carried on at the expense of the State. Where the work is done in behalf of the State it should be done where the students would have the advantage of the experience under the direction of the experts employed at Bozeman.

The hospital at Warm Springs maintains a bacteriological laboratory in charge of specialists, as it should, and no reason is apparent why the bacteriological equipment at Helena should not all be transferred to Warm Springs, and all the work along that line required by the State Board of Health done at that institution, thereby avoiding duplication of employees, equipment and expense.

BUREAU OF CHILD AND ANIMAL PROTECTION.

Under the present juvenile laws each Judicial District has the machinery necessary to take care of local juvenile delinquents. The work of the Deputies of the Bureau of Child and Animal Protection is along the same lines and the work of these Deputies should be transferred to the offices looking after the juvenile delinquents. It may be advisable to maintain a Secretary of the Bureau at Helena, who would take care of complaints where local officers fail to perform their duties. However, the work of the Bureau now performed by the Deputies of that Department should be performed by juvenile delinquency officers in the various judicial districts, and since this work would be conducted under the supervision of the District Judges, little fear need be entertained that it would not be properly handled. In this way, the Deputies in this department could be dispensed with, and no expense incurred above the necessity of keeping a Secretary and perhaps a Clerk at Helena. An investigation of this work over a period of years will demonstrate the advisability of the change.

PUBLIC SCHOOLS.

We all agree that every child in the State should have the

advantage of a common school education, no matter where he lives, nor under what circumstances; in fact, the very purpose and intent of our form of government is that every child shall have such an opportunity at public expense. We are informed that 42 cents out of every dollar paid in taxes is used for this purpose. It would seem that such expenditure ought to be sufficient to provide sufficient school facilities for every child in the State, yet it appears that our public school system is not functioning as it should. I quote from an address recently delivered by Miss May Trumper, the State Superintendent of Public Instruction:

"Montana seems unable to decrease its number of small schools. In spite of the fact that parents generally recognize children do not make good progress in small schools where there can be no stimulus from competition, that legislation has been provided making it possible to pay board or house rent in another district, and that trustees realize the per capita cost in exceedingly small schools is most unfair to taxpayers, we continue to have more than two hundred schools in the state maintained for five children or fewer. The following figures show Montana's record in this particular during the past four years:

Schools Maintained.	1920	1922	1924
For 1 Child	6	2	8
For 2 Children	14	16	15
For 3 Children	42	43	35
For 4 Children	58	69	71
For 5 Children	95	106	115
Total for 5 children or fewer	215	236	244
Total for 5 to 10 children	780	788	748

"No one would contend these children should not be provided with schooling, but it does seem that they are entitled to more interesting and more valuable work than can possibly be given in so small a school except under a most unusual teacher, and that a way should be found in fairness both to the children and to the taxpayers to make it possible to place such children in other schools."

From this it would appear that our troubles come not so much from a lack of funds as from the improper and inequitable distribution of our school funds. To employ a teacher and maintain all the functions of a school for one, two, three or four pupils, as appears from the foregoing table, is an unwarrantable expenditure of the taxpayer's money and should not be permitted. In

cases of this kind arrangement should be made to transport children to nearby districts.

I earnestly recommend that the school laws be amended, if possible, so that there may be brought about a more equitable distribution of the school funds and a more economical use of the revenues raised for school purposes, to the end that all children may have equal opportunities to secure a common school education.

CHILD LABOR LAWS.

The Secretary of State of the United States has transmitted to this Assembly a joint resolution of the Congress of the United States proposing an amendment to the Federal Constitution, which shall give to Congress power to limit, regulate and prohibit the labor of persons under eighteen years of age. This joint resolution is submitted to you for such action as may seem best to you. We are all interested in our "citizens of tomorrow" and it is of the utmost importance to society and to the nation that our boys and girls be protected from undue hardships and labors during the tender years of their lives, when their characters are formed and the foundations laid for citizenship. They should be given every opportunity possible to develop mentally, morally and physically. There is, I think, a strong and well defined sentiment in this State for Wholesome legislation in this regard and I trust that you will see your way clear to ratify this proposed amendment.

FARM LOANS.

The Legislative Assembly in 1917 authorized the State Land Board to invest a part of the permanent school funds in first mortgage farm loans. This was prompted by the very laudable purpose to assist in the development of the agricultural interests of the State. Conditions at that time were prosperous and everything indicated that this would be a safe investment. However, owing to the long period of drouths and crop failures that followed, together with adverse economic conditions, these investments resulted in disaster and great loss to the school funds. Up to July 1, 1924, 2237 loans were made, representing an investment of \$4,267,470.00. Unpaid interest accrued and taxes became delinquent and in order for the state to protect its security it became necessary to start foreclosure proceedings on many of these loans. Up to July 1, 1924, the original loans, plus abstracting costs, sheriff's fees and other incidental costs connected with the foreclosure proceedings, represent a total investment of \$4,557,665.03, without counting accrued interest and taxes. Up to December 10, 1924, 708 foreclosures had been made. There

are at present 800 of these loans where the original indebtedness is due and a total of \$630,264.44 overdue interest and \$169,566.59 delinquent taxes. Most of the borrowers are so hopelessly involved with delinquent taxes and unpaid interest that payments appear to be impossible.

I see no way out except to continue foreclosing these liens so that the State may be able to secure title to the lands and get them in shape to dispose of them. In this way it is possible for the State to recover at least a portion of these investments so unfortunately made.

The State Land Board has adopted a policy of selling these foreclosed farms to the original owners upon a reasonable cash payment, balance to be paid on the twenty-year amortization plan now in vogue in the sale of other State lands. This seems to be a solution of what appears to be an embarrassing situation.

BLANKET APPROPRIATIONS.

The budget law requires from each officer and board or department, a detailed statement of his or its requirements. (Sections 298 and 299, Revised Codes of Montana in 1921).

All appropriation bills should follow this budget method, and the appropriation for each department should be clearly itemized and classified, so that the money appropriated would be required to be spent for the purpose intended.

The last two Sessions of the Legislature have made all their appropriations in blanket sums to each department, so that the department may spend for traveling expenses, money intended for office help or vice versa; so there is no control by the Legislature over the same.

If money appropriated for a particular purpose is not needed, it should revert to the State Treasury and not be spent for some other purpose which the Legislature did not anticipate or intend.

Likewise, the Governor may veto any separate item that, in his judgment, should not be allowed without jeopardizing the appropriation.

LAW ENFORCEMENT.

We have learned from experience that the prohibition laws are not, by any means, self executory, and that their enforcement is a tremendous task. Bearing in mind that an unenforced law is a menace to society and that a wholesome respect for all laws is necessary for the safety and stability of our institutions, I believe that every encouragement and assistance should be given to those who are charged with the duty of enforcing the prohibition laws of the State.

FISH AND GAME.

Outdoor recreation and wild life are receiving more of the attention of the people than ever before. Our still abundant supply of Fish and Game is one of the great resources of the State and their protection and conservation are matters of vital importance. This department is now conducted by a non-partisan commission, and is entirely self-supporting by the collection of licenses. A report of the commission will doubtless be available and I trust that you will find time to peruse it and familiarize yourselves with the activities of this department, and give its recommendations such consideration as you believe they merit.

DISBURSEMENTS BY THE GOVERNOR.

In accordance with the provision of the constitution I submit the following statement of money belonging to the State received by the Governor and by him paid to the State Treasurer for the years 1923 and 1924:

Morrill Fund	\$ 50,000.00	\$ 50,000.00
From Forest Reserves	57,600.14	75,598.46
5% Public Land Sales	7,176.51	3,167.51
Total	\$114,776.65	\$128,765.97

CONCLUSION.

In conclusion, let me remind you that we are privileged to serve a great State and a great people. Let not personal interests, turmoil or strife interfere with this rare opportunity. I trust that between the Legislative and Executive departments there may be at all times the kindest of feelings and the heartiest co-operation. We may differ politically, but let it be remembered that political contests should be fought out in forums other than this, and that he who confers upon the State and his constituents the greatest benefit thereby best serves his party. I think each of us was elected upon a pledge to reduce the cost of State government, and upon a platform of economy and retrenchment, and the people expect results. Let us then be about our task, make good our pledges and dedicate our services to make this great commonwealth the Empire State of the Union, as it now is the Treasure State.

